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Section 1 – Introduction

1.1 – Purpose of the Supplement

This supplement should be used to augment the information in FTB's Publication 1345 which you received previously. Together, these publications contain the information you need to participate in the tax year 1998 California e-file Program. You will receive a new copy of this supplement each year.

1.2 – What is in the Supplement?

This supplement contains all the tax year 1998 changes and key information that you will find useful during the filing season. See the table of contents for detailed information regarding the contents of the supplement.

1.3 – Contact Information

If you have any questions or comments regarding this publication, you may contact Alison Adams at:

Franchise Tax Board
PO BOX 1468, MS A-1
Sacramento, CA 95812-1468

Phone (916)845-3559 or email *alison_adams@ftb.ca.gov*

For general questions regarding FTB's e-filing Program, contact the e-filing Help Desk at (916) 845-0353 between the hours of 8:00 am and 5:00 pm, Monday through Friday.

You may also obtain important e-filing information and also download e-file forms and publications from FTB's Electronic Services web page. The address is:

www.ftb.ca.gov/elecserv

Section 2 - Electronic Filing Calendar - Tax Year 1998

Tax Return Period   January 1 to December 31, 1999

Deadline for Receipt of "New" Application Form FTB 8633   Year Round

FTB Begins Accepting Test Transmissions   November 16, 1998
    Testing will begin upon release of Publication 1436

First Date to Begin Transmitting Live Returns   January 19, 1999

Last Date for Acceptance of Test Transmissions   April 30, 1999

Last Date to Transmit Timely Filed Returns Under Extension   October 15, 1999

Last Date to Retransmit Rejected Timely Filed Returns Under Extension   October 19, 1999
    **California state personal income tax returns have an
automatic six-month extension date for timely filing.
However, any taxes owed must be paid by April 15.
If the balance due is not paid by April 15, additional
penalties will apply.**

Last Date for Transmitters to Retain   December 31, 1999
  Acknowledgment File Material

Last Date for EROs to Retain Electronic   December 31, 1999
  Return Related Material
    **The practitioners or EROs are required to retain
form FTB 8453, *California Income Tax Declaration
for e-file*, in their office for no less than four (4)
years from the due date of the return.**

Section 3 - What's New For Tax Year 1998?

3.1 - E-pay (direct debit)

In January 1999, an electronic payment (e-pay) program for taxpayers who have a balance due return will be available for e-filers only. Taxpayers specify the bank account from which they wish to have the balance paid and the date on which the debit will be made.

3.2 - Direct Deposit of Refunds (DDR)

In January 1999, we are allowing two refunds to be directly deposited into the same bank account. Also, we are changing the direct deposit criteria to allow first time filers the option for direct deposit.

3.3 - New Nonrefundable Renter's Credit

California residents who, for more than half of 1998, lived in and paid rent for property located in California may qualify for this credit to offset tax. You must owe tax in order to claim this credit.

3.4 - Increased Dependent Exemption Credit

The 1998 dependent exemption credit has increased to $253 for each dependent. Due to the way the exemption credit is calculated, the exemption credits are totaled separate from the personal exemption credits. New fields have been added on the 540/A/EZ/NR forms.

3.5 – Head of Household (HOH) Pilot for e-filers Only

The purpose of the pilot is to determine the feasibility of capturing, during return processing, the HOH data needed by FTB's Audit Program. Participation in the pilot is voluntary on the part of the taxpayer and is only available on e-file returns. Participation does not guarantee the taxpayer will not receive a Head of Household Questionnaire subsequent to the filing of their return. If the information provided to FTB is not complete and does not substantiate the HOH Filing Status, the taxpayer will be notified and asked to provide additional information.

3.7 - New Voluntary contributions

- California Mexican American Veterans' Memorial
- Emergency Food Assistance Program Fund

3.8 - Other changes

- Form 3536, Limit on Alternative Minimum Tax for Children Under Age 14, was deleted.
- Form 3806, Los Angeles Revitalization Zone Deduction and Credit Summary, will not be available until late January, 1999.

Section 4 - Acceptable Forms for e-filing

The following chart lists the acceptable forms and schedules which can be electronically filed with FTB and the maximum number of each type of form or schedule allowed per return.

FORM/ SCHEDULES	Max. # per return	TITLE
Form 540	1	California Resident Income Tax Return
Form 540A	1	California Resident Income Tax Return
Form 540EZ	1	California Resident Income Tax Return for Single and Joint Filers With No Dependents
Form 540NR	1	California Nonresident or Part-Year Resident Income Tax Return 1998
Form W-2	20	Wage and Tax Statement
Form W-2G	30	Certain Gambling Winnings
Form 1099-R	10	Distribution From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRA's, Insurance Contracts, etc.
Form FTB 3501	1	Employer Child Care Program/Contribution Credit
Form FTB 3507	1	Prison Inmate Labor Credit
Form FTB 3526	1	Investment Interest Expense Deduction
Form FTB 3535	1	Manufacturers' Investment Credit
Form FTB 3540	1	Credit Carryover Summary
Form FTB 3546	1	Enhanced Oil Recovery Credit
Form FTB 3547	1	Donated Agricultural Products Transportation Credit
Form FTB 3548	1	Disabled Access Credit For Eligible Small Businesses
Form FTB 3553	1	Enterprise Zone Employee Credit
Form FTB 3800	1	Tax Computation for Children With Investment Income
Form FTB 3801	1	Passive Activity Loss Limitations
Form FTB 3803	3	Parent's Election to Report Child's Interest and Dividends
Form FTB 3805E	3	Installment Sale Income
Form FTB 3805P	1 per t/p	Return for Additional Tax Attributable to Qualified Retirement Plans (Including IRAs), Annuities and Modified Endowment Contracts
Form FTB 3805V	1	Net Operating Loss (NOL) Computations and NOL and Disaster Loss Limitations - Individuals, Estates and Trusts
Form FTB 3805Z	3	Enterprise Zone Deduction and Credit Summary
Form FTB 3806	1	Los Angeles Revitalization Zone Deduction and Credit Summary

FORM/ SCHEDULES	Max. # per return	TITLE
Form FTB 3885A	5	Depreciation and Amortization Adjustments - Individuals

Acceptable Forms for e-filing (continued)

FORM/ SCHEDULES	Max. # per return	TITLE
Form FTB 5805	1	Underpayment of Estimated Tax by Individuals and Fiduciaries
Form FTB 5805F	1	Underpayment of Estimated Tax by Farmers and Fishermen
Form FTB 5870A	1 per t/p	Tax on Accumulation Distribution of Trusts
Schedule CA (540)	1	California Adjustments
Schedule CA (540NR)	1	California Adjustments - Nonresidents or Part-Year Residents
Schedule D (540)	1	Capital Gains and Losses
Schedule D-1	1	Sales of Business Property
Schedule G-1	1 per t/p	Tax on Lump Sum Distributions
Schedule P (540)	1	Alternative Minimum Tax and Credit Limitations - Residents
Schedule P (540NR)	1	Alternative Minimum Tax and Credit Limitations - Nonresidents or Part-Year Residents

Section 5 - Keying Instructions

FTB has specific guidelines for data entering name and address information, which are different from the guidelines used by the IRS. Following are guidelines to use when preparing returns for electronic transmission.

1. Use no punctuation or symbols.

    NOTE: **If a fraction is part of the street address, enter a forward slash (/). This is the only symbol that may be used in the entity portion of the return.**

2. Never space in the name control field, taxpayer first name field or spouse first name field.

3. Do no include titles or ranks such as DR, MD, ENSIGN, SGT. etc.

4. Use Roman Numerals (I, II, IV) for numeric suffixes in the last name field.

5. Never space in the last name field except for JR, SR, II etc.

6. Use standard abbreviations for the suffix of the street name. See Standard Abbreviations.

7. Do not enter apartment number/letter in the street address field or additional address field. Omit the identifier (Apartment, Suite, #, etc.) and enter the apartment number or letter only in the apartment field.

    NOTE: **If only an identifier is shown, enter the identifier in the apartment number field.**

8. The additional address field is for supplemental information such as "care-of name" or business names.

9. Military "APO" or "FPO" addresses:
    *   enter "APO" or "FPO" in the first three positions of the city field;
    *   do not enter the name of the city for "APO" and "FPO" addresses; and
    *   enter the two-digit state code in the state field.

State Code	Zip Code Range
AA	34000 - 34099
AE	09000 - 09999
AP	96200 - 96699 and
	98700 - 98799

Keying Instructions (continued)

10.   Use the standard two-digit abbreviation for the state or U.S. possession in the state field.

11.   If the address exceeds the field length after applying these guidelines and standard abbreviations, truncate.

Section 6 - Standard Abbreviations

Use the following abbreviations for the singular or plural form of these words.

Air Force Base	AFB	Northeast *	NE
Apartment/Apartamento	APT	Northwest *	NW
Avenue/Avenida	AV	Number	NO
Battallion	BTN	Parkway	PKY
Battery	BTRY	Place	PL
Boulevard	BL	Road	RD
Box	BX	Rural Route	RR
Building	BLDG	Saint	ST
Circle	CIR	San	SN
Company	CO	South *	S
Corporation	CORP	Southeast *	SE
Court	CT	Southwest *	SW
Department	DEPT	Space	SP
Division	DIV	Squadron	SQD
Drive	DR	Square	SQ
East *	E	Street	ST
Floor	FL	Suite	STE
Headquarters	HQ	Terrace	TER
Highway	HWY	Trailer	TRLR
Island	IS	Unit	UN
Landing	LNDG	Way	WY
Lane	LN	West *	W
Naval Air Base	NAB		
Naval Air Station	NAS		
North *	N		

* Abbreviate only when used as a direction.

Section 7 - Standard Postal Service State Abbreviations and Zip Code Ranges

STATE	ABBR	ZIP CODE	STATE	ABBR	ZIPCODE
Alabama	AL	350-369	Montana	MT	590-599
Alaska	AK	995-999	Nebraska	NE	680-693
Arizona	AZ	850-865	Nevada	NV	889-898
Arkansas	AR	716-728	New Hampshire	NH	030-038
		75502	New Jersey	NJ	070-089
California	CA	900-908	New Mexico	NM	870-884
		910-961	New York	NY	004-005
Colorado	CO	800-816			06390
Connecticut	CT	060-069			100-149
Delaware	DE	197-199	North Carolina	NC	270-289
District of Columbia	DC	200-205	North Dakota	ND	580-588
Florida	FL	320-339	Ohio	OH	430-459
		341-342	Oklahoma	OK	730-732
		344	Oregon	OR	970-979
		734-749	Pennsylvania	PA	150-196
		346-347	Rhode Island	RI	028-029
		349	South Carolina	SC	290-299
Georgia	GA	300-319	South Dakota	SD	570-577
		399	Tennessee	TN	370-385
Hawaii	HI	967-968	Texas	TX	733,73949
Idaho	ID	832-838			750-799
Illinois	IL	600-629	Utah	UT	840-847
Indiana	IN	460-479	Vermont	VT	050-054
Iowa	IA	500-528			056-059
Kansas	KS	660-679	Virginia	VA	20041
Kentucky	KY	400-427			20301,20370
		45275			20164,20165
Louisiana	LA	700-714			20166,20167
		71749			220-246
Maine	ME	03801	Washington	WA	980-986
		039-049			988-994
Maryland	MD	20331	West Virginia	WV	247-268
		206-219	Wisconsin	WI	49936
Massachusetts	MA	010-027			530-549
		055	Wyoming	WY	820-831
Michigan	MI	480-499			
Minnesota	MN	550-567	**The following are for military addresses overseas:**		
Mississippi	MS	386-397	APO or FPO	AA	34000 - 34099
Missouri	MO	630-658	APO or FPO	AE	09000 - 09999
			APO or FPO	AP	96200 - 96699

UNITED STATES POSSESSIONS ABBREVIATIONS

American Samoa	AS
Federated States of Micronesia	FM
Guam	GU
Marshall Islands	MH
Northern Mariana Islands	MP
Palau	PW
Puerto Rico	PR
Virgin Island	VI

Section 8 - Error Reject Code Description

001   Page 1 of Form 540, Form 540A, Form 540EZ, or Form 540NR must be present.

                                    The Summary Record must be present.

002   Significant date fields with a length of eight positions must contain eight numeric characters in MMDDYYYY format. Significant date fields with a length of six positions must contain six numeric characters in MMYYYY format.

005   There can be no more than 30 statement page records with a return.

                                      Statement Records do not have to be consecutive but must be in ascending sequence.

                                      For each statement, LN01, LN02 and LN03 must be present and all line numbers must be in ascending numeric sequence.

                                      The fields on a statement record must be in the same format and sequence as they appear in the record layouts and only one group of related fields can be entered per Statement Line (LN) Record. Statement references in the tax return must be in ascending numeric sequence.

013   All fields must contain the type of data specified in the "Type" column of the Record Layouts.

016   540/A/EZ/NR   Zip code (Field 059) must be within the valid range of zip codes listed for that state and must not end in "00" (with the exception of 20500, White House zip code). See Standard Postal Service State Abbreviations and Zip Code Ranges for valid State/Zip Code combinations.

                                        Zip code can not have imbedded spaces, dashes, punctuation or symbols.

019   540/A/EZ/NR   The Routing Transit Number (RTN) (Field 700) must be nine (9) numerics. The first two positions must be 01 through 12 or 21 through 32, and the banking institution must process Electronic Funds Transfer (EFT).

                                        The Depositor Account Number (Field 730) must be alphanumeric (i.e., numerics, alphas, and hyphens only) left-justified and must not equal zeros.

Error Reject Code Description

019 (cont.)		When Depositor Account Number (Field 730) is significant and the Routing Transit Number (RTN) (Field 700) is significant, either Checking Account Indicator (Field 710) must equal "X" **OR** Savings Account Indicator (Field 720) must equal "X".
022	540/A/EZ/NR	State (Field 058) must be alpha and consistent with the standard state abbreviations issued by the Postal Service. (See Standard Postal Service State Abbreviations and Zip Code Ranges)
023	540/A/EZ/NR	City (Field 056) must be significant, have no leading spaces, contain a minimum of three characters and cannot have any special characters.
027	SUM	The Electronic Return Originator Name (Field 4) must be present.
		EFIN of Originator (Field 5) must be present and equal to EFIN of Originator of Form 540.
029	540/A/EZ/NR	The EFIN of Originator of return record must be for a valid electronic filer authorized by FTB.
031		The Return Sequence Number (RSN) in the Return Record must be numeric.
033		Fields on a record must not be longer than specified in the California Record Layouts.
034		For each record, significant data must be present following the Record ID.
035		Field Numbers for each record must be in ascending order and valid for that record.
044		Invalid Record ID on the incoming record. The error may be caused by:

- invalid Form or Schedule for electronic filing, or
- a page number is incorrect or a duplicate.

045	540/A/EZ/NR	The format and content of the record ID which begins each type of record must be exactly as required in the file specifications.
050		The only valid entry in a Required Statement field (identified with an "@" beside the Field Number in the Record Layout) is a statement reference, "STMbnn".

Error Reject Code Description

051		Any statement references ("STMbnn") occurring in a data field must have a corresponding statement record. Each statement record can be referenced only once.
052		Optional Statements (identified with an "*" beside the Field Number in the Record Layout) are used only when the lines of data to be entered exceeds the space allowed on a form or schedule.
053		The number of statement records cannot exceed the number of statement references.
060		The Return Sequence Number (RSN) in the Return Record must be in ascending numerical sequence within a transmission. The RSN's within the transmission do not have to be consecutive.
104	540/A/EZ/NR	The following fields must equal those in the Summary Record:

Return Field Number	Field Name	Summary Field Number
700	Routing Transit Number	23
710	Checking Account Indicator	24
720	Savings Account Indicator	25
730	Depositor Account Number	26

105	540/A/EZ/NR	Both the Routing Transit Number (Field 700) and Depositor Account Number (Field 730) must be significant.
		The Automatic withdrawal amount (Field 467), Automatic withdrawal date (Field 468), Routing Transit Number (Field 700) **and** Depositor Account Number (Field 730) must all be significant for an Automatic withdrawal request to be elected.
106	540/A/EZ/NR	The Automatic withdrawal date (Field 468) must be between 1/19/1999 and 10/15/1999.
123	W-2	The following fields must be present or significant"

Employer Name (Field 050)
Employer Address (Field 060)
Employer City (Field 070), State (Field 073) and
     Zip Code (Field 075)
Employee Name (Field 090)
Employee Address (Field 100)
Employee City (Field 110), State (Field 113) and
     Zip Code (Field 115)
Wages (Field 120)

Error Reject Code Description

139	W-2	SSN Number (Field 080) must equal Taxpayer SSN (Field 010) or Spouse SSN (Field 020) of the Form 540.
151	SUM	Number of Logical Records in Return (Field 7) must equal the total logical record count computed by FTB.
152	SUM	Number of Forms W-2 (Field 8) must equal the number of Forms W-2 computed by FTB.
153	SUM	Number of Forms W-2G (Field 9) must equal the number of forms W-2G computed by FTB.
154	SUM	Number of Forms 1099-R (Field 10) must equal the number of forms 1099-R computed by FTB.
155	SUM	Number of Schedule Records (Field 11) must equal the number of schedule records computed by FTB. This is a count of all 540 Schedules plus 1040 Schedules, if Federal data was transmitted.
156	SUM	Number of Form Records (Field 12) must equal the number of form records computed by FTB. This is a count of all 540 Forms, 1009R Forms plus 1040 Forms, if Federal data was transmitted.
157	SUM	Number of Statement Records (Field 13) must equal the number of statement record lines computed by FTB. This is a count of all 540 Statements plus 1040 Statements, if Federal data was transmitted.
507		There can be no significant data in any of the following fields of the tax return:

Form	Field #	Field Name
540/A/EZ/NR	015	Taxpayer date of death
540/A/EZ/NR	022	Spouse date of death
540/A/EZ/NR	057	Country name
540/A/NR	070	Spouse name for FS 3

There can be no significant data in any of the following fields of the Schedules and Forms listed below.

Schedule/ Form	Field #	Field Name	Line #
G-1	026	Qualified plan "no"	1
G-1	030	Roll over distr. "yes"	2
G-1	190	Prior year distr. "yes"	5
P(540)	1620	Prior year AMT credit	18(a)
P(540)	1630	Credit used this year	18(b)
P(540)	1640	Tax offset	18(c)

Error Reject Code Description

507(cont.)	P(540)	1650	Credit carryover	18(d)
	P(540)	2030	Other state tax credit	24(a)
	P(540)	2040	Credit used this year	24(b)
	P(540)	2050	Tax balance	24(c)
	P(540NR)	1620	Prior year AMT credit	18(a)
	P(540NR)	1630	Credit used this year	18(b)
	P(540NR)	1640	Tax offset	18(c)
	P(540NR)	1650	Credit carryover	18(d)
	P(540NR)	2030	Other state tax credit	24(a)
	P(540NR)	2040	Credit used this year	24(b)
	P(540NR)	2050	Tax balance	24(c)
	FTB 3805P	070	Amended return	

508   If any of the following fields are blank, the return will be rejected:

Form	Field #	Field Name
540/A/EZ/NR	010	Taxpayer SSN
540/A/EZ/NR	025	Name Control
540/A/EZ/NR	030	T/P First Name
540/A/EZ/NR	032	T/P Last Name
540/A/EZ/NR	050	Street Address
540/A/EZ/NR	056	City
540/A/EZ/NR	058	State
540/A/EZ/NR	065	Filing Status

509   540/A/EZ/NR   Taxpayer first name (Field 030) and Spouse first name (Field 040) can not be more than 11 characters, can not have leading or imbedded spaces and cannot have any dashes, punctuation or symbols.

Example	Enter First Name as
Jo Ann	Joann
Shu-Hueng	Shuhueng
Teresita Ma.	First Name = Teresita Middle Initial = M

510   540/A/EZ/NR   Street Address (Field 050) must begin with an alpha or numeric character, can not have consecutive imbedded spaces and the only special characters allowed are space and slash (/), if a fraction is part of the address.

Always use Standard Abbreviations (see Standard Abbreviations for examples) for the suffix of the street name.

Error Reject Code Description

510 (cont.)   Do not enter the apartment number/letter in the street address

field. Omit the identifier (Apartment, Suite, #, No, etc.) and enter the apartment number or letter only in the Apartment number (Field 054). If only an identifier is shown, enter the identifier in the apartment number field.

If the address exceeds the field length after applying these guidelines and standard abbreviations, truncate.

Example
722 Excelsior Court Southeast

Enter as
Street Address =   722 Excelsior Ct SE

Example
Loop Road Route 6 Box 3

Enter as
Street Address =   Loop Rd Route 6 Bx 3

Example
1502 Bremerton Drive #A

Enter as
Street Address =   1502 Bremerton Dr
Apartment =   A

| 510 | 540/A/EZ/NR | Additional Address (Field 052) must begin with an alpha or numeric character, cannot have consecutive imbedded spaces and the only special characters allowed are space and slash (/), if a fraction is part of the additional address. |

Do not enter the apartment number/letter in the additional address field. Omit the identifier (Apartment, Suite, #, No, etc.) and enter the apartment number or letter only in the Apartment number (Field 054). If only an identifier is shown, enter the identifier in the apartment number field.

Example
P.O. Box 1792 Hawaiian Gardenia Garden Branch

Enter as
Street Address =   PO Bx 1792
Addl Address =   Hawaiian Gardenia Gdn Br

Error Reject Code Description

510 (cont.)   Example
                            4432 Gateway Park Drive, Room 3C

California State University

Enter as
Street Address =   4432 Gateway Park Dr
Addl Address =   Calif State Univ
Apartment =   3C

511	540/A/EZ/NR	If Filing status (Field 065) is equal to 2 (Married filing joint), then Spouse first name (Field 040) must be significant and Spouse SSN (Field 020) must be significant.
512	540/A/NR	If Filing status (Field 065) is equal to 4 (Head of Household), then Spouse SSN (Field 020) cannot be significant.
514	540/A/NR	If Filing status (Field 065) is equal to 5 (Qualifying widow(er)), then Year spouse died (Field 080) cannot be more than two years prior to current tax year and must be in YYYY format.
515	540/A/NR	Total exemptions (Field 103) must be equal to the sum of: Personal Exemption (Field 090) PLUS Blind Exemption (Field 095) PLUS Senior Exemption (Field 100).
516	540A	Total adjustments (Field 218) must equal Total CA income adjustments (Field 530) on Side 2.
517	540/A/EZ/NR	Tax (Field 240) must be equal to corresponding amount on California Tax Tables using Taxable income (Field 235) and Filing status (Field 065) to determine the amount.
518	540/NR	Taxable income (Field 235) is equal to the sum of Federal AGI (Field 205) minus California adjustments-subtractions (Field 210) plus California adjustments-additions (Field 220) minus Deductions (Field 230).
	540A	Taxable income (Field 235) is equal to the sum of Federal AGI Field 205) minus Total adjustments (Field 218) minus Deductions (Field 230). If Total adjustments is a negative figure, Taxable income is equal to the sum of Federal AGI **PLUS** Total adjustments minus Deductions.

Error Reject Code Description

518	540EZ	Taxable income (Field 235) is equal to the sum of California AGI (Field 225) minus Deductions (Field 230).

519	540/A/EZ/NR	The only entries on this return are Nonrefundable renter's credit (Field 327) and Refund (Field 460). Renter's credit is nonrefundable.
521	540/A/NR	If Withholdings (Field 360) is significant, Forms W-2, W-2G or 1099-R must be present.

521   540/A/NR

If Form 1099 indicator (Field 357) is **blank**, Withholdings (Field 360) must equal the total amounts withheld of all W-2 records.

Determine withholdings as follows:

W-2 - State Name 1 (Field 370) and/or State Name 2 (Field 440) must equal "CA", use State Income Tax 1 (Field 400) and/or State Income Tax 2 (Field 470).

W-2G - Use State Income Tax Withheld (Field 210) when State Name (Field 200) equals "CA".

1099-R - Use State Income Tax W/Held (Field 240) when Payer state name (Field 245) equals "CA".

If Form 1099 indicator (Field 357) is **significant**, Withholdings (Field 360) must be greater than the total amounts withheld of all W-2 records.

521   540EZ

If Withholdings (Field 360) is significant, Forms W-2 must be present.

Withholdings (Field 360) must equal the total amounts withheld of all W-2 records. Determine withholdings as follows:
W-2 - State Name 1 (Field 370) and/or State Name 2 (Field 440) must equal "CA", use State Income Tax 1 (Field 400) and/or State Income Tax 2 (Field 470).

Any W-2 records must be in the following sequence: Form W-2, Form W-2G and Form 1099-R.

Error Reject Code Description

522

The data records of the tax return must be in the following sequence: Return, Form W-2, Form W-2G, Form 1099-R, Schedules, Forms, Statements, IRS Records (if applicable) and

Summary.

Both pages of multiple page forms must be present unless there is no data on the second page.

Schedule records must be in ascending alpha sequence. Form records must be in ascending numeric sequence, see Error Form Record Number.

The Schedule Occurrence Number (Field 3 of the Schedule Record) and the Form Occurrence Number (Field 3 of the Form Record) must be significant and in ascending numeric sequence beginning with 01.

The Taxpayer SSN must be consistent in the Record ID of all data records for a tax return.

523 540/A/EZ/NR Overpaid tax available (Field 390) minus Total contributions (Field 445) must be equal to Refund or no Amount Due (Field 460) **OR** Amount You Owe (Field 465).

526 540/A/NR Total contributions (Field 445) must be EQUAL to the sum of:

Field 400 PLUS
Field 405 PLUS
Field 410 PLUS
Field 415 PLUS
Field 420 PLUS
Field 425 PLUS
Field 431 PLUS
Field 432 PLUS
Field 435 PLUS
Field 436 PLUS
Field 437 PLUS
Field 438.

Error Reject Code Description

526	540EZ	Total contributions (Field 445) must be EQUAL to the sum of:

Field 405 PLUS
Field 410 PLUS
Field 415 PLUS
Field 420 PLUS
Field 425 PLUS
Field 431 PLUS
Field 432 PLUS
Field 435 PLUS
Field 436 PLUS
Field 437 PLUS
Field 438.

527	540/A/NR	Total dependent exemptions (Field 135) must be greater than zero if there is an entry in Dependent name 1 (Field 105).

528	540A	Federal AGI (Field 205) cannot be greater than $100,000.
	540EZ	Taxable income (Field 235) cannot be greater than $50,000.

529	540	Cannot have both Schedule P(540) and form FTB 3540 with a return.

530	540/A/EZ/NR	State wages (Field 200) must equal the total of all W-2 State Wages 1 (Field 390) and/or State Wages 2 (Field 460), unless W-2 Statutory Employee Ind. (Field 300) is significant.

533	540/NR	If Deductions (Field 230) is not equal to the standard deduction amount and Dependent box (Field 085) is blank, Deductions must be equal to Schedule CA (540)/CA (540NR) California itemized deductions (Field 1110).

534	540A	Source Return Indicator (Field 3) of return equals "1", only Forms W-2, W-2G, 1099-R and FTB 5805 are allowed.

535	540	If Dependent box (Field 085) is blank and no Schedule CA is transmitted, Deductions (Field 230) must equal a valid standard deduction.

536	540/NR	If FTB 3800 box (Field 243) is significant, then Tax (Field 240) is equal to the Line 18 amount (Field 250) on form FTB 3800.

If FTB 3803 box (Field 244) is significant, then Tax (Field 240) is equal to the total of Line 9 amount (Field 290) on all forms FTB 3803 plus tax as computed from tax table or tax rate schedule.

Error Reject Code Description

537	540/NR	If FTB 3800 box (Field 243) equals "X" then form FTB 3800 must be present.
		If FTB 3803 box (Field 244) equals "X" then form FTB 3803 must be present.
		If Schedule G-1 box (Field 253) equals "X" then Schedule G-1 must be present.
		If FTB 5870A box (Field 254) equals "X" then form FTB 5870A must be present.
		If form FTB 5805/5805F box (Field 472) equals "X" then form FTB 5805 **OR** form FTB 5805F must be present.
	540A	If form FTB 5805 box (Field 472) equals "X" then form FTB 5805 must be present.

Error Reject Code Description

538	540/NR	Must be valid Code no. (Field 307, 312), and must be a valid Acronym Name for Credit Name (Field 306, 311).

Mandatory form is missing (Code no. 176, 189, 190, 199 and 203-205).

Code no.	Acronym Name	Form Required
159	LARZ HRE/USE	
160	LOW-EMS VHCL	
161	YNG INFNT CO	
162	INMATE LABOR	
163	SR HOH	
169	E/Z EMPLE	
170	JT CSTDY HOH	
171	R/S CO	
173	DEP PARENT	
174	RCYCL EQUIP	
175	AGRI PRODUCT	
176	E/Z HIRE/USE	FTB 3805Z
178	WATRCSRV CO	
179	SLR PUMP CO	
180	SLR NRG CO	
181	COM SLR NRG	
182	NRG CSRV CO	
184	POLTCL CTB	
185	ORPHN DRG CO	
186	RES RNT/FARM	
189	CHLDCARE PRG	FTB 3501
190	CHLDCARE CTB	FTB 3501
191	R/S LG EMPLR	
192	R/S SM EMPLR	
193	R/S TRANSIT	
194	R/S EMPLE VN	
196	COMSLR EL CO	
197	CHILD ADOPT	
199	MFG INVSTMNT	FTB 3535
200	SALMON/TROUT	
203	ENHNC OILREC	FTB 3546
204	DONATE AGTRN	FTB 3547
205	DSABL ACCESS	FTB 3548
206	RICE STRAW	
207	F/W HS CONST	
209		CDFI DEPOSIT
210		TTA HIRE/USE
211		MEA HIRE

	SCH P (540)/ SCH P (NR)	Must be valid Acronym Name for Credit name (Field 730, 790, 850, 910, 1680, 1740, 1800, and 1860).
539	540/NR	If Alternative minimum tax (Field 340) is significant, then Schedule P (540)/Schedule P (NR) must be present.

Error Reject Code Description

540	540/NR	If Other taxes (Field 350) is significant, then form 3501, 3535, 3805P, 3805Z, 3806 or Sch D-1 must be attached.
		If FTB 3501 literal (Field 341) is equal to "3501", then form FTB 3501 must be attached.
		If FTB 3535 literal (Field 341) is equal to "3535", then form FTB 3535 must be attached.
		If FTB 3805P literal (Field 341) is equal to "3805P", then form FTB 3805P must be attached.
		If FTB 3805Z literal (Field 341) is equal to "3805Z", then form FTB 3805Z must be attached.
540		If Sch D-1 literal (Field 341) is equal to "IRC197", then Sch D-1must be attached.
541	540/NR	If Excess SDI (Field 370) is significant, Form W-2 must be present.
543	CA (540)/ CA (NR)	If Other adjustments-amount (Field 1080) is significant, Other adjustments-specify (Field 1070) must be present.
545	CA (540)/ CA (NR)	Capital gain or (loss) Subtractions (Field 180) must be equal to Schedule D, Adjustment decrease (Field 310).
546	CA (540)/ CA (NR)	Capital gain or (loss) Additions (Field 190) must be equal to Schedule D, Adjustment increase (Field 320).
547	CA (540)/ CA (NR)	Other gains or (losses) Subtractions (Field 210) must be equal to Schedule D-1, Adjustment decrease (Field 738).
548	CA (540)/ CA (NR)	Other gains or (losses) Additions (Field 220) must be equal to Schedule D-1, Adjustment increase (Field 739).
549	G-1	Qualifying age 5 year member "no" (Field 86) and Beneficiary "no" (Field 44) cannot both be significant.
551	540/NR	If Underpayment (Field 475) is significant, form FTB 5805 **OR** FTB 5805F must be attached.
		Underpayment (Field 475) must be equal to the amount on form FTB 5805 Penalty (Field 210) **OR** form FTB 5805F Penalty (Field 170).

Error Reject Code Description

551	540A	If Underpayment (Field 475) is significant, form FTB 5805 must be attached.
		Underpayment (Field 475) must be equal to the amount on form FTB 5805 Penalty (Field 210).
552	540/NR	If California adj-subtractions (Field 210) is greater than Federal AGI (Field 205) then Subtotal (Field 215) must be negative.
553		Forms W-2, W-2G and 1099-R cannot be included in 1040 return. They are to be transmitted only with the 540 return information. Federal Summary Record cannot be included.
554	540EZ	Source Return Indicator (Field 3) of return equals "2", only Form W-2 is allowed.
555	540/A/EZ/NR	The maximum number allowed for California schedules/forms in an electronically filed tax return are as follows:

20 Forms W-2
30 Forms W-2G
10 Forms 1099-R
One Schedule G-1 per taxpayer
(maximum of two on a joint return)
3 Forms FTB 3803
3 Forms FTB 3805E
One Form FTB 3805P per taxpayer
(maximum of two on a joint return)
3 Forms FTB 3805Z
5 Forms FTB 3885A
One Form FTB 5870A per taxpayer
(maximum of two on a joint return)

Only one schedule/form is allowed for those attachments not listed above.

556	540/A/EZ/NR	The Taxpayer SSN (Field 010) and Spouse SSN (Field 020) must be numeric, cannot be all zeroes, all blanks, all nines, must be within the valid range of SSNs and the fourth and fifth digits cannot both be zero.
557	540/NR	Federal 1040 Indicator (Field 063) equals "X" and 1040 information is **NOT** included.
558	540NR	Federal 1040 must always be attached.

Error Reject Code Description

560	W-2	Employer's State ID Number 1 (Field 380) must be present if State

Wages 1 (Field 390) is significant and State Name 1 (Field 370) is equal to "CA".

Employer's State ID Number 2 (Field 450) must be present if State Wages 2 (Field 460) is significant and State Name 2 (Field 440) is equal to "CA".

561	540/A/EZ/NR	Tax due (Field 395) plus Total contributions (Field 445) must be equal to Amount You Owe (Field 465).
562	540/A/NR	Excess SDI (Field 370) cannot be greater than $999.
563	W-2	California State Disability Insurance (Field 365) cannot be greater than $999.
570	540/A/EZ/NR	The Taxpayer SSN in the Record ID must match the Taxpayer SSN (Field 010) of the tax return.

571   Unacceptable IRS Forms or Schedules were included in 1040 information.

IRS Schedules must be in ascending alpha sequence or in order by Attachment Sequence Number. IRS Forms must be in ascending numeric sequence or in order by Attachment Sequence Number.

The IRS Schedule Occurrence Number and IRS Form Occurrence Number must be significant and in ascending numeric sequence beginning with 01.

With multiple schedules or forms, the Page Number must be sequential within the Schedule Occurrence Number of a schedule or Form Occurrence Number of a form.

572   540/A/EZ/NR   Taxpayer last name (Field 032) must be present. Taxpayer and Spouse last name cannot be more than 17 characters, cannot have leading or imbedded spaces (except for JR, SR, TR, II, etc), cannot include punctuation, symbols, dashes or slashes and cannot include titles or ranks such as DR, MD, SGT, etc.

Error Reject Code Description

573   540/A/EZ/NR   Do not enter the Spouse last name (Field 042) unless it is

DIFFERENT from the Taxpayer last name. Spouse last name cannot be more than 17 characters, cannot have leading or imbedded spaces and cannot include punctuation, symbols, dashes or slashes

Example
Taxpayer =   Jeff Lee Junior
Spouse =   Mary Kayla Hunter-Lee

Enter As
TP First Name = Jeff   SP First Name = Mary
TP Middle Initial = blank   SP Middle Initial = K
TP Last Name = Lee JR   SP Last Name = Hunterlee

Example
Taxpayer =   Thomas P. Jones
Spouse =   Anna Sue Jones

Enter As
TP First Name = Thomas   SP First Name = Anna
TP Middle Initial = P   SP Middle Initial = S
TP Last Name = Jones   SP Last Name = blank

Example
Taxpayer =   Jose Juan Gonzalez
Spouse =   Maria de la Rosa Gonzalez

Enter As
TP First Name = Jose   SP First Name = Maria
TP Middle Initial = J   SP Middle Initial = D
TP Last Name = Gonzalez   SP Last Name = blank

805	The TRANB record must be present.
806	The Processing Site of the TRANA record (Field 5) must be equal to "S" for Sacramento.
820	The Julian Date cannot be more than two days prior to the Julian Date of the actual processing date or more than one day after the actual processing date.
822	The transmission sequence number of the TRANA record is a duplicate of a previously accepted transmission. The Julian Date (Field 8) in the TRANA must be used for the actual Julian Date of the transmission to California and the Sequence Number used is for that same Julian Date. Each transmission must have the Sequence Number incremented by one. The first transmission beginning after midnight, should have the Julian Date for that day.

Error Reject Code Description

823	There can not be any unrecognizable or inconsistent control data or the transmission will be rejected.

824		The EFIN of the transmitter must be present.

825		The data records of the transmission must be in the following sequence: TRANA, TRANB, Return, and RECAP record.

The format of the TRANA, TRANB and RECAP record must correspond exactly to the record layouts as specified.

Program counts will be maintained to correspond to the counts shown in the RECAP record. The Total Return Count (Field 4) in the RECAP record must match FTB computed count.

Records are counted as follows:

830		Total EFT Count is a count of Direct Deposit Requests. This count is incremented for each return containing significant data in the Routing Transit Number (Field 700) of the tax form.
831		Total Return Count - a count of returns submitted. This count is incremented each time the Taxpayer SSN within a Record ID changes.
840		The ETIN plus Transmitter's Use Code (Field 5), Julian Date (Field 6), and Transmission Sequence Number (Field 7) of the RECAP Record must agree with the corresponding fields of the TRANA Record (Fields 7-9).
900	540/A/EZ/NR	The T/P SSN must not duplicate the T/P SSN or Spouse SSN of any previously accepted return for the current tax year.
902	540/A/EZ/NR	Declaration Control Number (DCN) must not duplicate another DCN on a previously accepted return for the current processing year.
903	540/A/EZ/NR	The Spouse SSN (Field 020) must not duplicate the Spouse SSN of any previously accepted return for the current tax year.

Appendix – Form Field Numbers Exhibits

The Form Field Number Exhibits are not available in the electronic version of the supplement. All approved EROs will receive a paper copy of the supplement. If you have not received a copy, contact the e-file Help Desk at (916) 845-0353.

Form 540
Form 540A
Form 540EZ
Form 540NR
Form W-2
Form W-2G
Form 1099-R
Form FTB 3501
Form FTB 3507
Form FTB 3526
Form FTB 3535
Form FTB 3540
Form FTB 3546
Form FTB 3547
Form FTB 3548
Form FTB 3553
Form FTB 3800
Form FTB 3801
Form FTB 3803
Form FTB 3805E
Form FTB 3805P
Form FTB 3805V
Form FTB 3805Z
Form FTB 3806
Form FTB 3885A
Form FTB 5805
Form FTB 5805F
Form FTB 5870A
Schedule CA (540)
Schedule CA (540NR)
Schedule D (540)
Schedule D-1
Schedule G-1
Schedule HOH
Schedule P (540)
Schedule P (540NR)